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Present: Professor Richard Hanson, CPA, Chairman, Jefferson Chickering, CPA Secretary, Deborah Butler, CPA, Wayne Geher, CPA, Sheila Christie, Esquire, Public Member and Owen Walton, Public Accountant.

- 1. The March 19, 2007 public meeting convened at 8:50 and adjourned at 11:00 am. The non public session convened at 11:15 am and adjourned at 11:45 am. The Board met with counsel from 8:30 to 8:45 am.
- 2. The minutes from the February 12, 2007 Board meeting were accepted with minor changes.
- 3. The New Hampshire Society of Certified Public Accountants was represented by Marlene Gazda, CEO and Harold Williams, CPA.
- 4. New Language in Administrative Rules

First item to be discussed was the request of the Executive Director for the Board to review additions to the current rules. The new language included, but was not limited to; defining "inactive" and "retired" status of licensees, guidance on relinquishing work papers by licensees, identifying individuals who had authority to sign experience letters, additional guidelines for disclosure for outsourcing and other rules to explain statutory requirements that are not currently in the administrative rules. The written text for the requested additions that the Executive Director presented to the Board members was for content only and not in rulemaking format and only for purposes of determining the context of the new rules. With permission from the Board for the additions, the Executive Director will have proper language drafted and the new language will be inserted in the appropriate chapters. The first draft of the rules will include these new rules for everyone to consider. The representatives of the NH Society were given a complimentary copy with the understanding that the Board had not voted on the final inclusion of the new language but only voted unanimously to give permission to the Executive Director to include these new rules into the first round draft so they could be considered by everyone within the full text of the draft. The Executive Director will forward a copy of the proposed draft to the Board members for review and they will be prepared to review the draft at the April 23, 2007 Board meeting.

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5. The following Newsletters were reviewed.

A. NASBA's State Board Report February 2007

Articles of interest on page one that were discussed are as follows:

1. The Board noted that the Texas State Board of Accountancy had brought disciplinary action against KPMG. This action was based on the fact that KPMG is practicing in Texas and that fraudulent conduct occurred in that state.

Articles of interest on page two that were discussed are as follows:

1. NASBA notified the Boards that they were seeking photographs regarding NASBA or state board meetings. The pictures collected will be considered for a journal documenting the history of NASBA. Mary Whittier of the Board staff had drawn a picture of several candidates taking the last pen and pencil exam and NASBA asked if they could consider using it in the book.

B. North Carolina State Board Report No. 02-2007

1. It was noted and discussed that on page one the North Carolina Board discussed the issue of increased requests to CPA's from mortgage brokers and lenders to verify the financial stability of their clients. The Board felt that CPA's should follow ethical and technical standards regarding this type of request. The Board agreed with North Carolina that the burden of assessing the financial stability of a borrower and their ability to pay back a loan remains the sole responsibility of the lender.

C. <u>CPA Exam Alert</u>

The new Board of Examiners' members and the passing rates for the candidates for 2006 were noted.

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6. General Correspondence From:

A. West Virginia Board of Accountancy

The Board reviewed two letters from the West Virginia Board of Accountancy, one dated February 9, 2007 and a previous letter dated April 15, 2005. Both letters were addressed to David Costello of NASBA. In these letters, West Virginia expressed its concern regarding the effect of the "150" hour rule on the decline of the profession and whether there was any evidence that the additional education produced better CPA candidates. The letter also expressed their concern that new regulation sometimes affected small states differently than larger states. The New Hampshire Board members also expressed the same concerns and will note those concerns in a letter to David Costello. A copy will be sent to the N.H. Society of CPA's.

B. Nebraska Board has Adopted the 4-10 Rule.

The Board received notification that the Nebraska Board has adopted the rule which permits a candidate for a CPA certificate in Nebraska who has been practicing 4 out of the last 10 years in a public accounting firm to obtain a certificate that state without the 150 hour education requirement.

C. NASBA Memorandum regarding Education Framework Questions.

NASBA is holding a "Joint Panel on Education" in Texas on April 30, 2007. For those unable to attend in person, the panel requested that NASBA seek responses to several questions regarding curriculum standards, foundation training and ethics components. Professor Hanson will assist the Executive Director in responding to the questions.

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D. AICPA Practice Analysis Survey

AICPA is conducting a survey to ascertain if the CPA exam adequately addresses the current practice of CPA's in public today. The AICPA requested that the Boards send a list of 200 randomly selected licensees. The request was sent February 22, 2007 and the deadline was March 15, 2007. This did not give the Board staff sufficient time to prepare the list. The Executive Director will contact AICPA to request additional time to send the requested information.

E. Nomination of Vice Chair to NASBA

The State Boards of Accountancy from Washington, Ohio, Guam and New York all recently supported the nomination of Tom Sadler for Vice-Chair of NASBA. Tom is currently NASBA's Director at Large and previously he has served as NASBA's Pacific Regional Director and as Board Chair. This Board voted unanimously to support that nomination.

F. Department of Treasury, IRS

In a letter dated February 12, 2007, the IRS addressed the eligibility of currently licensed Public Accountants to practice before the IRS. The Chief Counsel concluded that after a careful review of New Hampshire Law governing the practice of accountancy, that public accountants have the same practice privileges as New Hampshire Certified Public Accountants. This means that New Hampshire Public Accountants may practice before the IRS, under the provisions of Treasury Circular 230.

G. NASBA Candidate Care Department

NASBA sent the Boards of Accountancy a report entitled "Candidate Concerns 2006 Overview". This report provided an overview of the administration of the CPA examination for the year 2006 from the perspective of NASBA's Candidate Care Department.

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H. Increase in Examination Fees

In a letter to the Executive Directors dated February 23, 2007, NASBA reminded the Board of the proposed increase to take place in 2007. The Board reviewed this increase and expressed concern that the numbers of candidates continue to rise and so do the fees. Initially the fees were set based on projections on how many would sit and when the exam numbers did not meet the projections, the exam partners explained that those taking the exam would have to pay for those who were not taking the exam. The Board felt that if the exam candidate numbers were on the rise, shouldn't the fees be either stable or decreasing using that same philosophy?

I. Board of Examiners Highlights

The Board of Examiners sent the Boards the highlights of its January 26-27, 2007 meeting in Phoenix, AZ. The Board reviewed the information.

J. NASBA January 23, 2007 Request

In a letter to State Board Chairs, NASBA requested feedback regarding the examination. The Board felt that there has been constant feedback, it is time to stop collecting the same information over and over and actually use the information previously collected to fix the issues with the exam.

7. Correspondence Requiring a Response

A. Earning Education After Examination

Two candidates have requested a ruling from the Board on whether or not a candidate, who takes and passes the CPA exam in another state, and who did not meet New Hampshire's education requirement, can apply to New Hampshire for certification, if they obtain the experience between passing the exam in another state and applying for certification in New Hampshire.

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7. A. Continued

The Board reviewed the statutes and pursuant to RSA 309-B: 5, III (b) and 309-B:5, IV, in order to sit for the examination an individual must meet minimum education requirements. The candidates in New Hampshire must meet those minimum requirements or they can not sit. In RSA 309-B: 5,VI, it states that a candidate wishing to be given credit for exam parts passed in another state must have met the applicable requirements in this state at the time they sat.

The only provision that allows for a waiver is RSA 309-B:5 VII where it states that the Board may waive or defer any of the requirements in V or VI, if the applicant can show that he or she did not pass the exam under NH law for reasons beyond their control.

The individuals who are requesting this ruling sat in a state with the lowest requirements and now want to go to a state with more stringent requirements. The Board does not believe that the waiver applies in this situation. The Executive Director will consult with counsel before responding to the individuals.

B. Governmental Agency

An individual who passed the exam in New Hampshire requested a ruling on whether or not the "Bank of Jamaica" located in Jamaica is a "governmental agency". After researching the banks history, it was discovered that the bank was created by an act of parliament and the bank is accountable to parliament. Furthermore the bank is owned by the Government of Jamaica. Therefore, the ruling is that as it is currently structured the "Bank of Jamaica" is a governmental agency.

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C. Governmental Experience

An individual who passed the exam in New Hampshire and is currently employed by the Office of Legislative Budget Assistant has requested a ruling on whether or not experience earned as a "Performance Auditor", complies with RSA 309-B:5, X (b). The current director of the LBA sent the Board written documentation on the duties of that position in order to assist the Board in its decision. After careful review the Board voted unanimously to approve the experience in the performance auditing of government activities when earned at the Legislative Budget Assistants Office and meets the following guidelines;

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis sot that management and those charged with governance and oversight can use that information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability.

D. Public Accounting Experience

A candidate who passed the exam in New Hampshire requested a ruling on whether or not his 2,300 hours of furnishing advice on tax matters and advice in transfer pricing would be considered as acceptable experience. The Board voted unanimously that it is acceptable public accounting experience as long as it meets all the other public accounting requirements.

E. Focus Questions From NASBA

The Board assisted in answering the 4 questions from NASBA. The Executive Director will finish the responses and submit them to the Regional NASBA Director.

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8. Old and New Business

A. Liability Questions

This was not discussed but Prof. Hanson requested it stay on the agenda in light of the "Global Markets and The Global Economy" article the Board will be discussing next month.

B. Examination Issues and Site Visit

The Executive Director continues to monitor all matters regarding the exam. The exam site visit to Concord will occur after tax season.

C. Re-Writing of the Administrative Rules

The Executive Director will have a working draft. This document will be disturbed to Board members and the Society of CPA's. It is only a draft that everyone will work from. Once input has been received from interested parties, the Board will take the input, consider it and use that information for the initial proposal. The initial proposal will be the document submitted to the legislative committee. There will be a written public comment period and a public hearing. Once the Board reviews all the public comment and hears all public testimony, they will decide if changes are to be made to the initial proposal.

D. Legislative Issues

1) Administrative Law Judge: This initiative was proposed as an LSR (Legislative Service Request) this legislative session; however, the LSR has been withdrawn at this time. The Executive Director has obtained a draft of the proposed language. This draft was reviewed by the Board members and the NH Society. The representatives of the Society present at this meeting expressed concerns regarding the possible make up of the panel. The Society would like to ensure that licensees from the Board serve on the panel when a Board of Accountancy issue arises.

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8. D. Continued

The Board wanted it clear that they have reviewed only a draft and that this document was not in any way an official copy of the proposed language. The Board did discuss that they would like language in the draft that would ensure that Board members who sit on the panel would be licensed professionals. The Board felt that a minimum of two CPA's and one public member should be present for each adjudicatory proceeding.

2. House Bill 143

The Society brought this bill to the attention of the Board as being a dangerous piece of legislation. It would allow judgments against defendants in a case to share responsibilities if a connection was established between the defendant and the matter. This judgment would be rendered regardless of the length of time that had transpired or the percentage of responsibility. Example, a small company dumps one 5 gallon container of toxic waste in a river, and a large company dumps 5 million gallons of toxic waste in the same river, if both are found guilty, they will share responsibility evenly. The Board will oppose this legislation. The Society will provide the Board with their analysis and their points of opposition and the Board will send a letter of opposition in support of the Society.

E. AICPA Uniform Accountancy Act (UAA) Section 23

Mobility of licensees across state lines will be discussed at future meetings.

G. Future Board Meetings

The following is the schedule for upcoming meetings

April 23, 2007 at 8:30 am May 21, 2007 at 8:30 am

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H. Discussions on Topics of Interest:

1. Newsletter

On hold.

2. Ethics

No discussion was held.

3. Audits

The audits of the 2006 licensees are ready to review.

4. Outsourcing

The Board will discuss at future meetings.

5. Experience in Consulting, what qualifies?

The Board did not hold a discussion on consulting experience. The Board will address this issue at future meetings.

8. The following applications for certification were approved at the office of the Board on March 19, 2007.

Manaina Malanna ad Al Davida

Wassim Mohamad Al Bawab	4184
Abdulilah Al-Malouhi	4185
Sholpan Assangaliyeva	4186
Chris Yin-Tsung Chan	4187
Kornel Bodor	4188
Merridith Clermond	4189
Melissa Anne Densmore	4190
Elena Gifon	4191
Rana Wafic Itani	4192
Alexander Kottmann	4193
Steffen Meier	4194
Yoshiyuki Nagareda	4195
Sarah Elizabeth Neutra	4196
Ryan James O'Donnell	4197
Esther Johanna Oomen	4198
Alejandro Gutierrez Orozco	4199
Dima Abbas Reda	4200
Amanda C. Rhodes	4201
Sohale Samari	4202
Renu R. Singh	4203
Nazeem Toorabally	4204
Anton Usov	4205
Heng Wang	4206
Wilson Leo Wu	4207
Jason Yuk Lun Wong	4208
Jared Ring Yeaton	4209
Koray Yulek	4210

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9. Upon the motion of Deborah Butler and the second of Owen Walton, the Board, by roll call vote, resolved to conduct a non-public session for the purpose of discussing complaints of alleged licensee misconduct. This non-public meeting is authorized by RSA 91-A: 3,II (c), RSA 91-A: 3,II (e), RSA 91-A: 5, IV Lodge v. Knowlton, 118 N.H. 574 (1978) and the Board's executive and deliberative privileges. Each member recorded his or her vote on the motion, which passed by a unanimous roll call vote which is as follows:

Vote: Professor Richard Hanson, Yea, Jefferson Chickering, Yea, Deborah Butler, Yea, Wayne Geher, Yea, Owen Walton, Yea and Sheila Christie had left early no vote recorded.

10. Upon the motion of Jefferson Chickering and the second of Wayne Geher the Board, by roll call vote, resolved to withhold the minutes of the preceding non-public session from public disclosure pursuant to RSA 91-A:3, III on the grounds that public disclosure would be likely to effect adversely the reputation of a person other than a board member and to render the proposed action ineffective. Each member recorded his or her vote on the motion, which passed by a unanimous roll vote of all members present which is recorded as follows:

Vote: Professor Richard Hanson, Yea, Jefferson Chickering, Yea, Deborah Butler, Yea, Wayne Geher, Yea, Owen Walton, Yea and Sheila Christie had left early her vote was unrecorded.

Jefferson Chickering, Secretary and Certified Public Accountant